

**STATEMENT OF  
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UNITED STATES POSTAL SERVICE  
BEFORE THE  
SUBCOMMITTEE ON THE POSTAL SERVICE  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT  
JUNE 10, 1998**

Good morning, Mr. Chairman and members of the Subcommittee. With me is Deputy Postmaster General Mike Coughlin. I would also like to acknowledge our new Chief Operating Officer, Clarence Lewis, who is with us today.

I appreciate the opportunity to report that the Postal Service continues to provide reliable and affordable delivery service to everyone, everywhere, every day. I want to thank you, Chairman McHugh, and all the members of the Postal Service Subcommittee, for your oversight and input. You have helped define those postal issues and principles that are important to the American people. I want to work closely with you to define more precisely the future of our organization.

Let me first tell you where we stand today. With one quarter to go, 1998 looks to be one of our best years. Service is up. The final audited performance shows that 94 percent of local First-Class Mail arrived overnight last quarter, another record performance. Just as importantly, we've made great strides in improving the rest of our First-Class service. Two- and three-day service is at 85 percent. That's a six-point increase over last year, and meets a tough target for the quarter. Priority Mail service is also improving. And we are working with customers to improve service for advertising mail and publications. Our focus on delivering the mail is paying off.

Financially, revenue and mail volume are roughly three percent ahead of last year. Net income is ahead of budget. As a result, we expect to further reduce our negative equity this year. Since 1994, we have cut our accumulated losses from \$9 billion to \$4.4 billion at the close of Fiscal Year 1997. We have done this while keeping postage rates steady for the past three and a half years.

## Performance

We are a performance-driven organization, and that has made us competitive in recent years. The focus on service, on delivering the 630 million letters and packages we handle every day, will continue. Our employees and managers are proud of our service and financial record. We will continue to improve in every area. The bottom line, we intend to provide increased value in our products and our services.

Our operational team is targeting specific areas to increase our efficiency and effectiveness. The best practices will be shared nationwide. We are investing billions in technology and infrastructure. With technology continuing to change, it provides opportunities that were not even operationally imaginable 15 years ago. What does it all mean? It means we are committed to better reliability, better accuracy, and better value for our customers.

For the Postal Service to continue to provide universal service at affordable prices, we have to expand our focus beyond Performance and apply the same energy and resources in two other areas: People and Public Policy.

## People

For several years we have referred to the Voice of the Business, Voice of the Customer, and Voice of the Employee. Frankly, too often, the Voice of the Employee has in reality been the "Voice of Management." That has to change.

I want the Postal Service to be a place where our employees take pride and ownership in their work. A place where they can feel they are part of the Postal Service's success and where they are valued for their contributions. Employee satisfaction and customer satisfaction must go hand-in-hand. Without both, our success will be short-lived.

To improve our "people" skills, we have to clearly define our strategies and values. I see four as key: fairness, opportunity, safety, and pride. I want to make sure employees are treated fairly. As managers, we must do what we say. We need to build mutual respect into all our relationships--manager to manager, supervisor to employee, and craft employee to craft employee. There has to be opportunity for employees to grow and advance. We are committed to world-class training, improved succession planning, and firm support for diversity.

We must also continue to create a safe and secure work environment. When I speak of safety, I am speaking in broad terms, not just improving motor vehicle accidents or lost workday rates. We have to do more to find solutions to workplace threats and workplace violence. It's unconscionable that any worker-Postal Service or otherwise-should fear or be apprehensive about their workplace.

The upcoming negotiations with our unions provide an opportunity to advance labor/management relations. Labor contracts with three of our largest unions expire on November 20. Talks open in August. We have not walked away from the table with a contract in more than a decade. I want to assure this Subcommittee that we will work hard to negotiate agreements. Our best hope for building a twenty-first century Postal Service lies in building it ourselves. These talks give us the chance to show our commitment to work together as a team to forge our future. At the same time, we must deliver a contract that works for customers and lays a strong financial foundation for the future.

#### Public Policy

The final area I want to address is Public Policy. The Postal Service is a major public institution. That puts a lot of responsibility on us. I know this Subcommittee has invested a lot of time on that question. Our challenge, yours and mine, is to carry out an historic mission in a modern age.

It's universal service at affordable prices on the one hand. It's changing customer demands in a competitive marketplace on the other. We need the right mix of public policy that allows us to do both. I'm not here to tell you what that should be. But I want to work with you to figure it out.

The Postal Service has shown that government can work better. We need to define how it can work best of all. By defining strategy and values, by putting in place strong processes, by taking advantage of technology, and by measuring what we manage across People, Performance, and Public Policy, the Postal Service will remain a respected and effective organization providing its customers valued services.

Thank you, Mr. Chairman.

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